

SIGMA GAS CORPORATION

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Estill Branham, Manager

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May 5, 2004

RECEIVED

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**PUBLIC SERVICE
COMMISSION**

Thomas M. Dorman
Executive Director
Public Service Commission
Post Office Box 615
Frankfort, KY 40602-0615

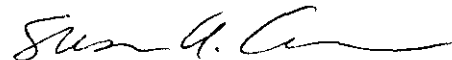
Re: Case No. 99-074

Dear Mr. Dorman:

I have enclosed the financial statements of Sigma Gas Corporation for the first quarter ended March 31, 2004 in compliance with Case No. 99-074.

If you have any questions or need any further information please do not hesitate to contact me at the address or numbers listed above.

Sincerely,



Susan A. Crum, Accountant

SIGMA GAS CORPORATION
TWELVE MONTH COMPARATIVE BALANCE SHEET
2004

	January	February	March
ASSETS			
CURRENT ASSETS			
Cash in bank - checking	\$ 90,083	\$ 114,835	\$ 33,010
Cash in bank - CNB	31,907	32,490	32,998
Customer accounts receivable	132,017	123,857	96,382
TOTAL CURRENT ASSETS	<u>254,007</u>	<u>271,182</u>	<u>162,390</u>
PROPERTY AND EQUIPMENT			
Utility Plant in Service	1,727,630	1,727,630	1,727,630
Accumulated depreciation	(544,516)	(548,977)	(553,438)
Gas plant acquisition adjustment	(162,764)	(161,855)	(160,946)
TOTAL PROPERTY AND EQUIPMENT	<u>1,020,350</u>	<u>1,016,798</u>	<u>1,013,246</u>
OTHER ASSETS			
Other deferred debits	2,188	2,188	2,188
Utility deposits	250	250	250
Prepaid Insurance	574	459	344
Nonutility Plant	65,584	65,584	65,584
Accum depr - nonutility	(21,150)	(21,304)	(21,458)
TOTAL OTHER ASSETS	<u>47,446</u>	<u>47,177</u>	<u>46,908</u>
TOTAL ASSETS	<u>\$1,321,803</u>	<u>\$1,335,157</u>	<u>\$1,222,544</u>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
TWELVE MONTH COMPARATIVE BALANCE SHEET
2004

	January	February	March
LIABILITIES & SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable - current	\$ 338,042	\$ 333,401	\$ 219,116
Notes payable	248,977	248,977	248,977
Customer deposits	66,277	65,677	65,177
Accrued interest	149,888	152,258	154,648
Accrued taxes	8,992	8,498	8,517
	<u>812,176</u>	<u>808,811</u>	<u>696,435</u>
TOTAL CURRENT LIABILITIES			
	1,258,419	1,258,419	1,258,419
LONG TERM LIABILITIES			
Note payable - DLG	<u>1,258,419</u>	<u>1,258,419</u>	<u>1,258,419</u>
TOTAL LONG TERM LIABILITIES			
	2,070,595	2,067,230	1,954,854
TOTAL LIABILITIES			
	<u>(264,422)</u>	<u>(264,422)</u>	<u>(264,422)</u>
SHAREHOLDERS' EQUITY			
Accum. adj. - WM. G. CONL	(58,057)	(50,533)	(50,640)
Current Earnings	(264,422)	(264,422)	(264,422)
Accum. adj. - BARKLEY STU	(58,057)	(50,533)	(50,640)
Current Earnings	(90,929)	(90,929)	(90,929)
Accum. adj. - ESTILL B. B	(12,904)	(11,234)	(11,256)
Current Earnings	<u>(748,791)</u>	<u>(732,073)</u>	<u>(732,309)</u>
TOTAL SHAREHOLDERS' EQUITY			
	<u>\$1,321,804</u>	<u>\$1,335,157</u>	<u>\$1,222,545</u>
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY			

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SIGMA GAS CORPORATION
COMPARATIVE STATEMENTS OF INCOME
For The Three Months Ended March 31, 2004

	January	February	March	Year-to-Date
Revenue				
Gas sales	\$ 111,953	\$ 97,163	\$ 68,205	\$ 277,321
Penalties	3,851	3,112	2,719	9,682
Temporary service charge	0	195	130	325
Sales tax commission	21	20	15	55
	<u>115,825</u>	<u>100,490</u>	<u>71,069</u>	<u>287,383</u>
Total revenue				
	115,825	100,490	71,069	287,383
Expenses				
Gas purchases	93,215	61,314	42,700	197,230
Supervision	1,400	1,400	1,400	4,200
Mains and service labor	1,238	1,260	1,468	3,966
Service supplies & expenses	441	0	1,350	1,791
Contract labor	0	0	300	300
Maintenance of meters	0	210	0	210
Meter reading labor	1,001	973	1,339	3,313
Acctg. & collecting labor	1,496	1,496	1,775	4,767
Computer billing	165	166	165	497
General & admin. salaries	5,524	5,524	6,175	17,223
Office supplies & expenses	1,570	1,418	1,872	4,860
Outside services employed	889	530	2,500	3,918
Insurance	115	115	115	344
Injuries and damages	123,856	0	0	123,856
Employee Benefits	151	151	151	453
Miscellaneous general exp	338	0	100	438
Director fees	200	200	200	600
Rents	800	800	800	2,400
Transportation expense	590	1,297	1,529	3,415
Interest - Meter deposits	331	328	328	988
Interest - Other	4,930	0	0	4,930
Interest - KISU	2,075	2,075	2,075	6,224
Depreciation	4,334	4,334	4,334	13,002
Amort of organization costs	127	127	127	381
Payroll tax expense	815	815	1,716	3,346

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SIGMA GAS CORPORATION
COMPARATIVE STATEMENTS OF INCOME
For The Three Months Ended March 31, 2004

	January	February	March Year-to-Date
Total expenses	<u>245,601</u>	<u>84,533</u>	<u>72,519</u> <u>402,652</u>
Income from operations	<u>(129,776)</u>	<u>15,957</u>	<u>(1,450)</u> <u>(115,269)</u>
Other income			
Other income	0	0	452
Amort of acquisition adjustment	909	909	2,727
Interest income	<u>7</u>	<u>6</u>	<u>7</u> <u>20</u>
Total other income	<u>916</u>	<u>915</u>	<u>1,368</u> <u>3,199</u>
Other expenses			
Nonutility deductions	<u>151</u>	<u>155</u>	<u>154</u> <u>462</u>
Total other expenses	<u>151</u>	<u>155</u>	<u>154</u> <u>462</u>
Net income	<u>\$ (129,011)</u>	<u>\$ 16,717</u>	<u>\$ (236)</u> <u>\$ (112,532)</u>

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SIGMA GAS CORPORATION
Statement of Cash Flow - Indirect Method
For the three months ended March 31,

OPERATING ACTIVITIES	<u>2004</u>
Net income (Loss) from Operations	(\$236.04)
Adjustments to reconcile net income to net cash	
Provided by operating activities:	
Depreciation and amortization	3,706.25
Interest income	(7.40)
Changes in operating assets and liabilities	
Decrease in accounts receivable	27,473.84
Decrease in prepaid expenses	114.80
Decrease in accounts payable	(114,284.38)
Increase in other current liabilities	<u>1,907.86</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	<u>(\$81,325.07)</u>
INVESTING ACTIVITIES	
Increase in plant	0.00
Prior year adjustment	0.00
Interest income	<u>7.40</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>\$7.40</u>
FINANCING ACTIVITIES	<u>\$0.00</u>
NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	<u>\$0.00</u>
INCREASE IN CASH AND CASH EQUIVALENTS	(\$81,317.67)
CASH, BEGINNING BALANCE, 3/1/2004	\$147,324.98
CASH, ENDING BALANCE, 3/31/2004	\$66,007.31

SUPPLEMENTAL INFORMATION

Interest paid	\$13.30
Income taxes paid	\$0.00

SIGMA GAS CORPORATION
Statement of Cash Flow - Indirect Method
For the two months ended February 28,

	<u>2004</u>
OPERATING ACTIVITIES	
	\$16,718.40
Net income (Loss) from Operations	
Adjustments to reconcile net income to net cash	
Provided by operating activities:	3,706.25
Depreciation and amortization	(6.20)
Interest income	
Changes in operating assets and liabilities	8,159.89
Decrease in accounts receivable	114.80
Decrease in prepaid expenses	(4,641.39)
Decrease in accounts payable	1,276.82
Increase in other current liabilities	
NET CASH PROVIDED (USED) IN	<u>\$25,328.57</u>
OPERATING ACTIVITIES	
INVESTING ACTIVITIES	0.00
Addition to plant	6.20
Interest income	
	<u>\$6.20</u>
NET CASH USED IN INVESTING ACTIVITIES	
	<u>\$0.00</u>
FINANCING ACTIVITIES	
NET CASH PROVIDED (USED) IN	<u>\$0.00</u>
FINANCING ACTIVITIES	
INCREASE IN CASH AND CASH EQUIVALENTS	\$25,334.77
CASH, BEGINNING BALANCE, 2/1/2004	\$121,990.21
CASH, ENDING BALANCE, 2/28/2004	\$147,324.98
 <u>SUPPLEMENTAL INFORMATION</u>	
Interest paid	\$33.13
Income taxes paid	\$0.00

SIGMA GAS CORPORATION
Statement of Cash Flow - Indirect Method
For the one month ended January 31,

	<u>2004</u>
OPERATING ACTIVITIES	
Net income (Loss) from Operations	(\$129,015.49)
Adjustments to reconcile net income to net cash	
Provided by operating activities:	
Depreciation and amortization	3,706.25
Interest income	(6.52)
Changes in operating assets and liabilities	(15,182.69)
Increase in accounts receivable	114.80
Decrease in prepaid expenses	214,014.84
Increase in accounts payable	5,648.76
Increase in other current liabilities	
NET CASH PROVIDED (USED) IN	
 OPERATING ACTIVITIES	<u>\$79,279.95</u>
INVESTING ACTIVITIES	
Addition to plant	0.00
Interest income	6.52
NET CASH USED IN INVESTING ACTIVITIES	<u>\$6.52</u>
FINANCING ACTIVITIES	
NET CASH PROVIDED (USED) IN	
 FINANCING ACTIVITIES	<u>\$0.00</u>
INCREASE IN CASH AND CASH EQUIVALENTS	\$79,286.47
CASH, BEGINNING BALANCE, 1/1/2004	\$42,703.74
CASH, ENDING BALANCE, 1/31/2004	\$121,990.21
 <u>SUPPLEMENTAL INFORMATION</u>	
Interest paid	\$285.88
Income taxes paid	\$0.00